

Outlook

FOCUSING ON RETIREMENT ISSUES FOR MASSPORT EMPLOYEES PAST AND PRESENT

Election Year Means Something Different in the Retirement Office

Our country has a very important election coming up in November, but the retirement board and staff will be thinking about ballots long after the presidential polls close!

This year is an election year for the Massport Employees' Retirement System and in January members will vote to determine who will serve as the two employee representatives on the Massport retirement board for the next three years.

The retirement board is made up of five members. The Authority appoints two of the board members. Two more are elected by the members of the retirement system to serve three-year terms. The fifth member is appointed by the other four retirement board members. Presently, the two incumbents serving as elected board members are Dave Davis and Phil Mallett.

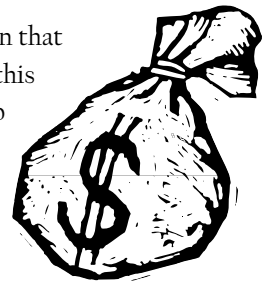
Nomination papers are currently available at the retirement office. The nomination period closes on Friday, November 12, 2004 and signed nomination papers must be received by the Massport retirement office no later than 5:00 p.m. that day.

Ballot packets will be mailed to all eligible voters by Monday, December 6, 2004 and must be returned via U. S. Mail to the post office box designated by the retirement board as the official ballot return location. The official election deadline is January 6, 2005 and ballots will be counted the following day.

Every vote counts! Because the system is governed by the Massachusetts Legislature, there is not much you can do to change the basic elements of the plan. What you can do, however, is get involved in the management of the system by participating in our upcoming election. 🌀

Save More Money Tax-Deferred!

The deferred compensation plan limits will increase as of January 1, 2005. On that date employees are eligible to begin contributing up to \$14,000 annually to this tax-deferred savings plan. If you are age 50 or older you can contribute up to \$18,000 annually. For those participating in the catch-up program you can contribute up to \$28,000 annually. If you can't afford to contribute the maximums, start small – it's a step in the right direction. The minimum investment is \$5 a week and you may hardly notice the difference in your paycheck as you start building towards a secure retirement! For more information please contact our ING representative Nicole Payne at (781) 768-4841.



Election Timeline

October 4, 2004

Nomination papers become available.
**Nomination papers can be submitted anytime between October 4 and November 12, 2004.

November 12, 2004

Nomination period is closed. Signed nomination papers must be filed in the Massport retirement office no later than 5:00 p.m.

November 17, 2004

All qualified nominees will be notified of nomination and election procedures.

December 6, 2004

Ballot packets mailed to all eligible voters.

January 6, 2005

All completed ballots must be received by this date **via United States Mail in the post office box** designated by the Retirement Board as the official ballot return location.

January 7, 2005

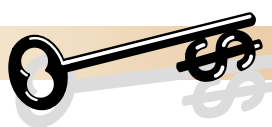
Election Day. Ballots will be collected and counted.

January 10, 2005

Notice of election results due.

January 11, 2005

Start of new term.



For Your Benefit

Former Temps Can Use Deferred Comp To Purchase Retirement Service

Safeguarding Your Home with the Homestead Act

Is your home protected? Any Massachusetts homeowner can file a declaration of Homestead to protect his or her principal residence from attachment, levy on execution or sale to satisfy debts to the extent of \$300,000 per residence, per family.

If you are over age 62 or a disabled adult and you file for Homestead protection, your residence is protected for up to \$300,000 for each person's ownership interest (rather than \$300,000 per family). This does not include liens imposed by the Massachusetts Department of Public Welfare for payment of Medicaid benefits – these are exempt from Homestead protection.

A Homestead Declaration protects a homeowner from unsecured creditors only. To file a declaration of Homestead you need to go to your city or town clerk's office. The fee is approximately \$35. For more information about the Homestead Act go to: www.sec.state.ma.us/rod/rodhom/homidx.htm.



The Commonwealth of Massachusetts deferred compensation plan (now known as the SMART plan – Save Money And Retire Tomorrow) has revised its plan rules and the changes could benefit Massport employees who previously worked as temps. If you are a Massport employee who was formerly a Massport temp, you can use your deferred compensation account to complete a retirement service buyback (provided there are enough funds in your account to cover the cost of the buyback).

Under previous guidelines anyone considered an “OBRA” employee (temps and interns) could not access their deferred compensation account until separating from service with Massport. Now those employees can use the money in their “OBRA” accounts towards the purchase of creditable service with the Massport Employees’ Retirement System. Please note: intern service does not qualify for a retirement buyback.

Buyback information for temporary employees is typically calculated between

four and six weeks after you begin work as a permanent Massport employee. Check your mail for this information and follow the instructions to buy back service using a rollover. To request another copy of your buyback letter, please contact Laura Barbosa at (617) 568-3951.

HINT: Aside from buybacks you can also transfer money from your deferred comp “OBRA” account into your regular deferred comp account which has a wider variety of investment options for you to choose from.

Web Watch

For those of you who have access to the Internet, there is a wealth of information to be found there. In this section we highlight web sites that we have found helpful, informative, interesting or just plain fun.

Find Better Businesses

If you want to check the reputation of a company



or need to file a complaint you should check out the web site for the Better Business Bureau (BBB) at www.bbbonline.org. The BBB can help with researching companies and provide you with some recourse if you were treated poorly or received unsatisfactory

performance from a certain company. The site also has information on identity theft and protecting your privacy in the online world as well as other resources designed to aid consumers and businesses alike.

Knowledge is Power

On November 2, 2004 voters in the United States will decide who will lead our country for the next four years. If you don't know much about where the candidates stand, get informed by reading up on the issues.

At www.publicagenda.org you can figure out “what you want before deciding who you want.” This non-partisan site lets you test your knowledge on issues like jobs, the budget, environment and health care. You can prioritize issues that are important to you and use that information to help with your decision making come election day.



** Legal note: The Retirement System is not responsible for the content of these web sites or for the accuracy and completeness of the information contained in them.*

Take Advantage of Flexible Spending

Do health care expenses seem to add up fast these days? Massport employees have a great opportunity to save money by participating in Massport's flexible spending plan for health care. Annual enrollment for this useful employee benefit takes place in the fall months (be on the lookout for a notice from Human Resources).

A Flexible Spending Account (FSA) allows you to use pre-tax dollars to pay for qualified health care expenses – this translates into more money in your pocket! The way it works is simple. Contributions come out of your paycheck (pre-tax) each week.

Whenever you pay for health care expenses, just save your receipts. Claims are processed weekly and reimbursements can be deposited directly into your bank account.

Qualified expenses include most health care items that are not covered by insurance, such as co-payments, eyeglasses and contact lenses or major dental work. As of last year, a new IRS ruling makes the health care plan even more attractive, by allowing you to purchase some over the counter medications with pre-tax dollars. You can now use a health care FSA to buy cold or allergy medicine, antacids, pain relievers, and other over-the-counter

medications – the savings from this could be significant.

One downside to flexible spending is known as the use-it-or-lose-it rule. This is an IRS regulation that says if you do not use your entire allocation by the end of the plan year, you forfeit the remainder. Don't let this scare you from signing up. It simply means you should think carefully about your family's health care needs in the coming year and be conservative when making your FSA allocation. And with the new IRS ruling you could always use end-of-the-year funds to restock your medicine cabinet!

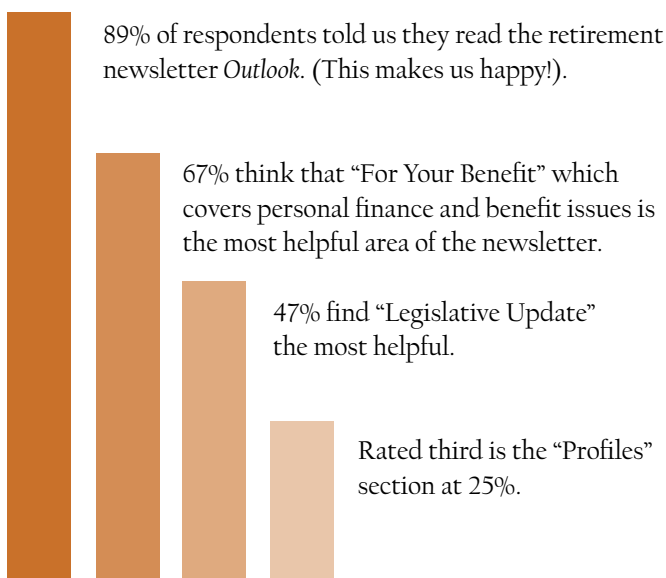


Massport also offers a flexible spending plan for dependent care known as the Dependent Care Assistance Program (DCAP) through the Group Insurance Commission. If you know how much you will be paying for child care next year this is a good way to save money on taxes. Watch your mail for more information about annual enrollment and the flexible spending account options.

Retirement Survey Results

This past spring the retirement office conducted an employee survey during the HR & Retirement Open House. We asked people about the retirement system's member education efforts. Here are some of the results:

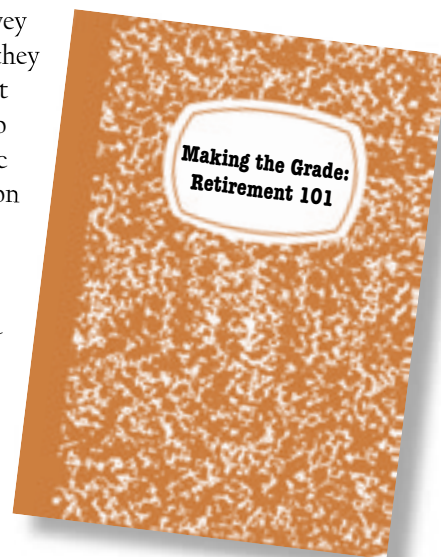
Newsletter is Popular with Members



Note: we enjoy publishing member profiles but it's hard to find volunteers. Tell us about yourself or an interesting co-worker and your story might be featured in Outlook!

Annual Report—Readers Wanted

More than half of the survey respondents told us that they do not read our retirement annual report. We hope to have changed this statistic with the recent publication of our 2003 annual report which included a special supplement called *Retirement 101*. This school-themed guide featured Massport employees and a retiree and it was designed to serve as a useful tool for our members. If you missed this fun booklet, e-mail lbrown@massport.com to request a copy.





A Medicare Commentary

by Dave Davis, MPAERS Board Member

You can't fault the Massport retirement staff for the lack of information about the new Medicare provisions which were signed into law months ago. After great hoopla from our government, particularly the national administration and Congress, there has been little from the federal government about how the law would be administered, except for the Medicare prescription drug discount cards which apparently do not apply to Massport Retirees

(see story below). Despite all the talk about providing prescription drug coverage for more senior citizens and the extensive debate about who would and would not be covered (do you remember

the impassioned discussions about the "donut hole" in the coverage?), we still don't know how the general public will be affected by the new law. I suspect that there will be no more information until after the November presidential election.

What do I worry about given this lack of information? I worry about what will happen to our retirees' supplemental insurance in the long-term. I

wonder about how the State of Massachusetts and Massport will adjust retirees' supplemental coverage given the additional

coverage that will presumably be provided by the new Medicare law.

Here's the place to "lookout!" What concerns me the most is this question: Will our retirees' coverage increase, stay

about the same or actually decrease? In considering that our government presented the new law as a way to help senior citizens, it would seem reasonable to assume that coverage would increase. However, many experts feel that given the economy which is pressing many employers to cut costs and given the way the cost of health care in America is escalating so rapidly, in many cases coverage will actually decrease.

My friends, until you retire you probably won't realize how important every penny of that coverage is. Retirees who are living on a fixed income are already well aware of this. Although this benefit is not administered by the retirement board I'll do my best to protect us on this issue and please be assured that I will keep you informed. ☺

Will our retirees' coverage increase, stay about the same or actually decrease?

Retirees' Corner

Medicare Cards Not Needed

The new Medicare prescription drug cards being sold at pharmacies nationwide provide little or no benefit to most Massport retirees. These cards are designed to lower costs for people who have no prescription drug coverage or limited coverage. As you know, Massport retirees have the benefit of comprehensive

health insurance including prescription drug coverage. Therefore, in almost all cases, purchasing the Medicare discount card would be a waste of \$30 (the annual fee for the card).

According to the Group Insurance Commission (GIC) there may be a small amount of people who could benefit from purchasing the Medicare

discount card. In the GIC's Summer 2004 newsletter it says "If you are a low-income member of a Fallon, Tufts or Harvard Medicare HMO, check with Medicare (1-800-633-4227 or www.medicare.gov) to see if there is any possible benefit to you in seeking a card and whether or not you would be eligible for one."

Transitions

★ Congratulations

The following people retired recently and we wish them all the best for a successful future:

- ★ Richard Marchi
- ★ John J. Shea
- ★ George Wey

💔 Condolences

We regret to inform you that the following retirees have passed away:

- 💔 Elizabeth Cassidy
- 💔 Olavi Lehto
- 💔 Gordon Meehan
- 💔 Arthur Merino
- 💔 Edward Nunes

We also offer our condolences to the family and friends of Roger LeBlanc, a Massport electrician who died tragically this past August. Roger leaves behind a wife and four children. Please keep the LeBlanc family in your thoughts and prayers.



Calculation for Retirement Allowances to Change

As part of the Massachusetts Fiscal Year 2005 State Budget, the Public Employee Retirement



Administration Commission (PERAC) was handed the task of establishing new actuarial equivalent factors to be used in calculating retirement allowances. This means that public pensions in Massachusetts will soon be calculated using updated mortality tables.

The people who will be the most impacted by these changes are retirees who plan to choose Option C as a retirement payment option. The Option C reduction could go from 20% to as low as 10%

in some cases depending on the ages of the retiree and his or her beneficiary. This change will become effective as of December 27, 2004. Any pension calculated prior to that date will be based on the tables that currently exist. If you are thinking about retiring in the next two months, contact the retirement office to discuss how your benefit may be impacted.

Look for a more detailed explanation of these changes in the next issue of *Outlook*. ☺

Disability Retirees Must File Annual Statements on Time

Anyone retired under a work-related disability, Section 91A, is required to file an Annual Statement of Earnings with the Public Employee Retirement Administration Commission. Section 85 of the Commonwealth of Massachusetts Fiscal Year 2005 Budget states that any disability retiree who does not file an annual statement by the specified deadline is in danger of having their retirement allowance terminated during the period of non-compliance with no chance of receiving a retroactive payment. In the past, a disability retiree who had not complied with the filing would have his/her pension payments suspended and then reinstated once in compliance, including any missed payments. However, under the new law, any missed payments will be forfeited. Please be sure to complete your annual statement in a timely manner to avoid forfeiture of any retirement allowance payments. If you have questions about this new law, please call the retirement office at (617) 568-3951.



Un-Retirement?

The Massachusetts Legislature recently added a section to the retirement law allowing members who are receiving superannuation (regular) or termination retirement allowances to be reinstated if they wish to return to work in the public sector in Massachusetts.

To be reinstated and reenter the retirement system a person would have to repay any pension monies received to date, plus actuarial assumed interest over a certain period of time and be a full-time employee for at least five years to get credit for the additional service.

In the past, Massport retirees were not allowed to reenter the retirement system and could not accumulate

additional creditable service once retired.

The pre-existing *Employment After Retirement* restrictions are still in place for all retirees unless they complete an *Application For Reinstatement to Service From Superannuation/Termination Retirement*

Pursuant to G.L. Ch. 32, section 105. For retirees who are not applying for reinstatement but wish to return to work in the public sector, the salary you receive combined with your Massport retirement allowance cannot exceed the current salary being paid for

the position from which you retired. You are also limited to working no more than 960 hours in a calendar year. If

To be reinstated and reenter the retirement system a person would have to repay any pension monies received to date . . .

you exceed these limits you must waive all or a portion of your retirement allowance.

Please note that retirees receiving

superannuation or termination retirement allowances do not face any earnings or employment restrictions if they wish to work in the *private* sector.

For more information about reinstatement please contact Irene Moran at (617) 568-3951.

Book Corner

Take advantage of the retirement library at Logan Office Center where you will find a wide variety of books on personal finance topics including homebuying, estate planning and, of course, saving and investing for retirement. Here are some examples.

Death and Taxes

By Randell Doane & Rebecca Doane

Learn more about trusts with this helpful estate planning guide. It includes basic information about wills and

talks about "income shifting" and other tax strategies.

However, most of its pages are devoted to explaining the way that

various types of trusts function. If you are thinking about creating a trust you should hire a qualified attorney, however this book can provide you with information to get started. Feel free to stop by and scan through the "questions & answers" and other examples in "Death and Taxes."

Wake Up and Smell the Money

By Ginger Applegarth

This easy-to-read guide gives you tools and advice to get back on track with your finances! Ginger has a down-to-earth style

and helps readers jump right into revamping their finances, getting organized and setting goals. Features include a "no-argument plan" for couples, tips on "powersaving," and special "wake-up calls" throughout the book. Great for beginners and anyone wanting a fresh start!

Couples & Money

By Victoria F. Collins

Even the best relationships sometimes suffer from differences in the way people handle money – and the inevitable disagreements that follow. Collins talks about how "money messages" shape people depending on their upbringing, environment and other influences. The author's goal is to help couples find a way to move past their differences and manage their money in a way that suits both parties. Great for newlyweds and long-time couples alike!



Calendar

OCTOBER

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|----|--|
| 26 | Retirement checks mailed |
| 27 | Retirement Board Meeting: Logan Office Center, Board Room, 9:00 a.m. |
| 31 | Daylight Savings Time ends |

NOVEMBER

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|----|--|
| 2 | Election Day – Don't forget to vote! |
| 11 | Veterans Day: Massport offices closed |
| 12 | Nomination period closes for retirement board election. |
| 19 | Retirement Board Meeting: Logan Office Center, Board Room, 9:00 a.m. |
| 24 | Retirement checks mailed |
| 25 | Thanksgiving Day: Massport offices closed |

DECEMBER

- | | |
|----|---|
| 6 | Retirement board election–ballot packets mailed. Completed ballots due by 1/6/2005. |
| 7 | Hanukkah begins at sundown |
| 15 | Retirement Board Meeting: Logan Office Center, Board Room, 9:00 a.m. |
| 21 | Winter begins |
| 24 | Massport offices closed in observance of Christmas |
| 25 | Christmas Day |
| 27 | Retirement checks mailed |

*Meeting schedules are subject to change.

Retirement Board & Staff

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